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RECORDATION NO. 18789 FILED 1425

APR 29 1994 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

April 29, 1994

0100205005

36.00

RECORDATION NO. 18789 FILED 1425

APR 29 1994 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

On behalf of NationsBanc Leasing Corporation of North Carolina, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, executed counterparts of a primary document, not previously recorded, entitled Master Equipment Lease Agreement ("Lease"), made as of April 29, 1994 and executed counterparts of a related secondary document, not previously recorded, entitled Lease Supplement and Acceptance Certificate dated as of April 29, 1994.

The parties to the enclosed primary and secondary document are:

NationsBanc Leasing Corporation - LESSOR
of North Carolina
NationsBank Corporate Center
100 North Tryon Street
NC-1-007-12-01
Charlotte, NC 28255-0001

Georgia Gulf Corporation - LESSEE
Suite 595
400 Perimeter Center Terrace
Atlanta, GA 30346

The enclosed documents cover, among other things, the leasing by the Lessor to the Lessee of those certain thirty five (35) covered hopper cars.

The units of equipment covered by the Lease are 35 covered hoppers cars identified as GGCX 1185-1219.

A short summary of the enclosed documents to appear in the ICC Index is as follows:
"Lease of 35 Covered Hopper Cars GGCX 1185-1219"

Enclosed is a check in the amount of thirty six dollars (\$36.00) in payment of the filing fees.

Car H. Harrison

RECEIVED
OFFICE OF THE
SECRETARY
APR 29 1994
BRANCH

DONELAN, CLEARY, WOOD & MASER, P. C.

Once the filings have been made, please return to bearer the stamped counterparts of the documents not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,


Allen H. Harrison, Jr.

*Attorney for the purpose of this filing for
NationsBanc Leasing Corporation of North Carolina*

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423
Enclosures

BY HAND
8357-020

Interstate Commerce Commission
Washington, D.C. 20423

4/29/94

OFFICE OF THE SECRETARY

Allen H Harrison, Jr.
Donelan , Cleary Wood & Maser
1275 K St N.W. Suite 850
Washington, D.C. 20005

Dear sir:

The enclosed document(s) was recorded pursuant to the provisions
of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303,
on 4/29/94 at 10:15am , and assigned
recording number(s). 18789 & 18789-A

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. **18789** FILED 1425

APR 29 1994 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

MASTER EQUIPMENT LEASE AGREEMENT

BETWEEN

**NATIONS Banc LEASING CORPORATION
OF NORTH CAROLINA**

AND

GEORGIA GULF CORPORATION

April 29, 1994

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MASTER EQUIPMENT LEASE AGREEMENT

THIS MASTER EQUIPMENT LEASE AGREEMENT dated as of April 29, 1994 (as supplemented, amended modified, restated or replaced from time to time the "Agreement") is between NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation (the "Lessor"), having its principal place of business at NationsBank Corporate Center, 100 North Tryon Street, NC-1-007-12-01, Charlotte, North Carolina 28255-0001 and GEORGIA GULF CORPORATION, a Delaware corporation (the "Lessee"), having its principal place of business at 400 Perimeter Center Terrace, Suite 595, Atlanta, Georgia 30346.

WITNESSETH:

WHEREAS, Lessee has requested Lessor to purchase the Equipment (as defined hereinafter) and, simultaneously with such acquisition, to lease the Equipment to Lessee for use in its operations; and

WHEREAS, Lessor is willing to purchase and lease the Equipment subject to the terms and conditions hereinafter set forth, and Lessee has agreed to lease the Equipment from Lessor on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"AAR" shall have the meaning given to such term given in Section 6 hereof.

"Acceptance Date" means, with respect to any Equipment, the Basic Payment Date on which Lessor executes the Lease Supplement applicable to such item of Equipment and Lessee unconditionally accepts such Equipment for lease hereunder, as evidenced by the execution and delivery of such Lease Supplement related to such Equipment and dated such date.

"Acquisition Cost" means, with respect to any Equipment, an amount equal to the sum of (a) the total cost paid by Lessor for or in connection with such Equipment, plus (b) all excise, sales and use taxes and registration fees paid by Lessor on or with respect to the acquisition of such Equipment, less (c) the total cost paid by Lessor for or in connection with any such particular items of Equipment which have been the subject of an Event of Loss and for which an amount equal to the Casualty Loss Value for such particular items of Equipment has been paid in full to Lessor.

"Acquisition Expiration Date" means June 30, 1994 for the Equipment described on Schedule I hereto and such other dates as determined by Lessor in connection with any other Equipment.

"Affiliate" means a Person (other than a Subsidiary) which directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, Lessee or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

"Appraisal Procedure" means the following procedure for determining the Fair Market Sales Value or the Fair Market Rental Value of any property as the case may be or any other amount which may, pursuant to any provision of any Transaction Document, be determined by such procedure: if either party to

this Agreement shall have given written notice to the other party requesting determination of such value by the Appraisal Procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within fifteen (15) days after such notice is given, each party shall appoint a qualified independent appraiser within twenty (20) days of the giving of such notice. If one (1) party, but not the other, appoints an appraiser pursuant to the preceding sentence, then the appropriately appointed appraiser shall conduct the appraisal. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such value within thirty (30) days after his or their appointment. If the parties shall have appointed a single appraiser, his determination of values shall be final. If two (2) appraisers shall be appointed, the values determined shall be averaged. The parties shall share equally the costs and expenses of the appraiser or the appraisers, as the case may be.

"Assignee" means any Person to whom Lessor or any assignee has made any assignment, sale or transfer referred to in Section 14(b) hereof.

"Basic Payment" means the amounts payable for the Equipment during the Term pursuant to Section 7(a) hereof.

"Basic Payment Date" means, with respect to any Equipment, each of the dates set forth on the appropriate Lease Supplement with respect to such Equipment.

"Basic Payment Factor" means, with respect to any Equipment, the Basic Payment Factor set forth on each Lease Supplement with respect to such Equipment.

"Basic Payment Period" means, with respect to any Equipment, each quarterly period from the date immediately succeeding a Basic Payment Date to the next occurring Basic Payment Date, except that the initial Basic Payment Period under each Lease Supplement shall also include the date of execution of such Lease Supplement.

"Basic Term" means, with respect to any Equipment, the period from and including the date of the Lease Supplement with respect to such Equipment to and including the first annual anniversary date of such Lease Supplement date, unless this Agreement is sooner terminated pursuant to the provisions hereof.

"Business Day" means any day on which Lessor is open for the transaction of business with the public of the nature required by the Transaction Documents.

"Casualty Loss Value" means as of any Casualty Loss Value Date during the Term an amount determined by multiplying (a) the sum of (i) the Acquisition Cost for all Equipment (as such Acquisition Cost is referenced in the Lease Supplement executed on the Acceptance Date for such Equipment) subject to an Event of Loss within the first sixty (60) days of the then current Basic Payment Period, plus (ii) the Acquisition Cost for all Equipment (as such Acquisition Cost is referenced in the Lease Supplement executed on the Acceptance Date for such Equipment) subject to an Event of Loss after the first sixty (60) days of the then current Basic Payment Period (unless Lessee elects to pay this amount at the next Casualty Loss Value Date), plus (iii) the Acquisition Cost for all Equipment (as such Acquisition Cost is referenced in the Lease Supplement executed on the Acceptance Date for such Equipment) subject to an Event of Loss after the first sixty (60) days of the immediately preceding Basic Payment Period (unless Lessee shall have paid such amount at the previous Casualty Loss Value Date) by (b) the percentage set forth opposite such Casualty Loss Value Date on Annex B to the Lease Supplement executed on the Acceptance Date for such Equipment.

"Casualty Loss Value Date" means the last day of each Basic Payment Period.

"Chase" shall have the meaning given to such term given in Section 14(a) hereof.

"Code" means the Internal Revenue Code of 1986, as supplemented, amended, modified, restated or replaced from time to time, and all rules and regulations promulgated thereunder.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which would be consolidated with those of Lessee in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means at any date the consolidated stockholders' equity of Lessee and its Consolidated Subsidiaries, less their consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means the amount (to the extent reflected in determining such consolidated stockholders' equity) of (a) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within twelve (12) months after the acquisition of such business) in the book value of any assets owned by Lessee or a Consolidated Subsidiary and (b) all goodwill, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets.

"Default" means any event which with the giving of notice or the passage of time or both would result in an Event of Default.

"Equipment" means all items of the equipment described in Annex A to the various Lease Supplements executed by Lessor and Lessee in connection with this Agreement, together with any Parts (including, without limitation, replacement Parts) which may from time to time be incorporated in such equipment or other property and title to which shall have vested in Lessor.

"Event of Default" shall have the meaning given to such term in Section 22 hereof.

"Event of Loss" means, with respect to any Equipment, any of the following events: (a) loss of any Equipment or of the use thereof due to theft or disappearance during the Term, or the non-existence of any Equipment at the expiration or termination of the Term prior to its expiration, (b) destruction, damage beyond repair, or rendition of any Equipment permanently or temporarily for longer than a commercially reasonable period of time, unfit for normal use for any reason whatsoever, (c) any damage to any Equipment which results in an insurance settlement with respect to such Equipment on the basis of a total loss, or (d) the condemnation, confiscation, seizure, or requisition of use or title to any Equipment by any governmental authority under the power of eminent domain or otherwise.

"Expiration Date" means, with respect to any Equipment, the last day of the Basic Term or the last day of the final Renewal Term, if any, unless this Agreement is sooner terminated pursuant to the provisions hereof.

"FRA" shall have the meaning given to such term given in Section 6 hereof.

"Fair Market Rental Value" means, the value which would obtain in an arm's length transaction between an informed and willing lessee and an informed and willing lessor, each under no compulsion to enter into such lease. If the parties are unable to agree on the Fair Market Rental Value within 30 days prior to the Basic Term Expiration Date, such Fair Market Rental Value shall be determined by the Appraisal Procedure.

"Fair Market Sales Value" means, with respect to any Equipment, the value which would obtain in an arm's length transaction between an informed and willing buyer (other than a lessee currently in possession or a used

equipment dealer) and an informed and willing seller under no compulsion, respectively, to buy or sell. If the parties are unable to agree on the Fair Market Sales Value within thirty (30) days of Lessor's giving of notice as specified in Section 23(c) hereof, such Fair Market Sales Value shall be determined by the Appraisal Procedure.

"Improvement" shall have the meaning given to such term in Section 12 hereof.

"Indemnified Party" shall have the meaning given to such term in Section 19 hereof.

"Lease Supplement" means a Lease Supplement and Acceptance Certificate substantially in the form of Exhibit A hereto, to be executed by Lessor and Lessee for each item of the Equipment accepted under the terms of this Agreement on each Acceptance Date, in accordance with the provisions of Section 4 hereof.

"Lien" means any interest in property securing any obligation owed to, or claimed by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including, without limitation, the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes.

"Maximum Cost" means, with respect to any Equipment, an amount specified by Lessee for such Equipment and approved by Lessor.

"Net Proceeds of Sale" means the net amount received by Lessor from a Third Party Purchaser of all (but not less than all) the Equipment described on a particular Lease Supplement pursuant to a sale of all (but not less than all) such Equipment under Sections 23(d) or 29 hereof.

"Option Election Notice Date" means the date occurring one hundred and eighty (180) days prior to the final day of the Basic Term and each Renewal Term, if any.

"Overall Transaction" means all of those transactions referred to in, provided for in, or contemplated by, this Agreement, including, without limitation, the financing, operation and management of the Equipment.

"Overdue Rate" means the lesser of the maximum rate permitted by applicable law and a per annum interest rate equal to the Prime Rate plus two percent (2%).

"Parts" means all appliances, parts, instruments, appurtenances, accessories and miscellaneous property of whatever nature that may from time to time be incorporated or installed in or attached to or otherwise part of the Equipment.

"Payments" means, collectively, Basic Payments and Supplemental Payments.

"Permitted Contest" means any contest by Lessee with respect to any Permitted Lien or any Taxes or Other Impositions incurred with respect to which Lessee has provided a legal opinion from outside counsel to Lessor stating in substance that the position adopted by Lessee in its contest has merit and has a reasonable likelihood of success, and so long as Lessee shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which do not result in (a) the collection of, or other realization upon, the Permitted Lien or any Taxes or Other Impositions so contested, (b) the sale, forfeiture or loss of any item of Equipment, any Part, the Payments or any portion thereof, or under any document, instrument, agreement or contract entered into in relation hereto or

otherwise in relation to the Equipment, (c) any interference with the use of any item of Equipment or any Part thereof, or (d) any interference with the payment of the Payments or any portion thereof.

"Permitted Lien" means a Lien permitted by the provisions of Section 15 hereof.

"Permitted Sublease" means a sublease (a) to which Lessor has given its prior written consent (which consent shall not be unreasonably withheld), (b) the sublessee with respect to which shall be organized under the laws of the United States or any state thereof and shall have its principal place of business in the United States, (c) the term of which shall in no event exceed the then remaining portion of the Term, (d) immediately prior to the commencement of the term of which, and after giving effect to which, there shall exist no Default or Event of Default, (e) which shall be collaterally assigned to Lessor pursuant to an assignment which in form and substance is satisfactory to Lessor, and (f) which shall contain unconditional payment provisions and provisions relating to insurance, maintenance, operation in accordance with applicable laws and insurance requirements, possession, delivery and return conditions (insofar as the general condition of the Equipment is concerned), events of default, remedies and Permitted Liens on the Equipment which provide for benefits and protections to Lessee, as lessor, which are substantially similar to the benefits and protections provided to Lessor by such provisions of this Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Prime Rate" means the rate of interest publicly announced by NationsBank of North Carolina, N.A. from time to time in Charlotte, North Carolina as its "prime rate." The Prime Rate is not necessarily the best or lowest rate of interest offered by NationsBank of North Carolina, N.A.

"Purchase Agreement Assignment" means each Purchase Agreement Assignment dated as of the date of the Lease Supplement corresponding thereto between Lessor and Lessee and consented to by Seller.

"Renewal Term" shall have the meaning given to such term in Section 5(b) hereof.

"Replacement" shall have the meaning given to such term in Section 12 hereof.

"Replacement Item" means any item of equipment conveyed to Lessor pursuant to Section 16(b) hereof in replacement of any item of Equipment.

"Required Alteration" shall have the meaning given to such term in Section 12 hereof.

"Sales Expenses" means (a) all property, excise, sales and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (b) all fees, costs and expenses of such sale or transfer of the Equipment (including, without limitation, registration fees and fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by Lessor and (c) any and all other amounts incurred in connection with such sale or transfer of the Equipment for which, if not paid, Lessor would be liable or which, if not paid, would constitute a Lien on the Equipment, or any Part.

"Seller" means each seller executing a Warranty Bill of Sale in favor of Lessor with respect to any Equipment.

"Subsidiary" of any Person means any corporation of which more than fifty percent (50%) of the voting rights of the outstanding capital stock at the time of determination is owned directly or indirectly by such Person or one of the Subsidiaries of such Person.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including, without limitation, payments of Casualty Loss Value, interim rental payments and indemnities, but excluding Basic Payments.

"Taxes or Other Impositions" shall have the meaning given to such term in Section 18A hereof.

"Term" means the Basic Term and the Renewal Term, if any.

"Termination Date" means, with respect to any Equipment, the last day of the Basic Term or the last day of the final Renewal Term, if any, for such Equipment.

"Termination Value" means, with respect to any Equipment, an amount determined by multiplying the Acquisition Cost of such Equipment by the Termination Value Percentage for such Equipment as of the Expiration Date; provided, however, to the extent the Expiration Date is not a Basic Payment Date, the Termination Value Percentage shall be determined as of the immediately preceding Basic Payment Date.

"Termination Value Percentage" means each termination value percentage identified on Annex D to each Lease Supplement for the applicable Basic Payment Date.

"Third Party Purchaser" means a third party purchaser of the Equipment which is selected by Lessee, is reasonably acceptable to Lessor, is financially capable of purchasing the Equipment and is not an Affiliate or a Subsidiary.

"Transaction Costs" means all the costs, fees and expenses referenced in Section 27 hereof.

"Transaction Documents" means this Agreement, each Lease Supplement, each Warranty Bill of Sale, the Purchase Agreement Assignment and the Uniform Commercial Code financing statements (and with respect to each of the foregoing, all supplements, amendments and modifications thereto) whether heretofore, now or hereafter executed.

"Warranty Bill of Sale" means each warranty bill of sale, in form and substance satisfactory to Lessor, referring to the various items of the Equipment duly executed by the Seller thereof in favor of Lessor and dated as of the Acceptance Date for such Equipment.

The words "this Agreement", "herein", "hereunder", "hereof", or other like words mean and include this Agreement and the Lease Supplements and any amendments and supplements hereto or thereto.

SECTION 2. Agreement for Lease of Equipment; Covenant of Quiet Enjoyment. Subject to, and upon all of the terms and conditions of this Agreement, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor, each item of the Equipment from and including the Acceptance Date therefor for the duration of the Term. Provided that no Event of Default has occurred and is continuing, Lessor agrees that it shall not interfere with Lessee's quiet enjoyment and use of the Equipment during the Term.

SECTION 3. Conditions Precedent.

(a) **Initial Lease Supplement.** The obligations of Lessor to purchase the Equipment specified on the Lease Supplement dated as of the date hereof and to lease the same to Lessee and enter into the Overall Transaction are subject to: the delivery to Lessor on or prior to the date hereof of the following documents each in form and substance satisfactory to Lessor:

- (i) an officer's certificate from Lessee: (A) containing an incumbency certification of Lessee with the name(s), title(s) and specimen signature(s) of the person or persons authorized on behalf of Lessee to execute this Agreement and each subsequent Lease Supplement; and (B) also containing certified articles of incorporation and by-laws of Lessee;
- (ii) a written opinion of counsel for Lessee;
- (iii) a written opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor;
- (iv) a certificate of insurance evidencing the coverages required under Section 17 hereof with respect to the Equipment referenced in the Lease Supplement dated as of the date hereof;
- (v) the Lease Supplement, duly executed by Lessee, and dated as of the date hereof with respect to the Equipment accepted by Lessee and subjected to the terms of this Agreement as of the date hereof;
- (vi) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;
- (vii) Warranty Bills of Sale specifically referring to each item of the Equipment referenced in the Lease Supplement dated as of the date hereof;
- (viii) good standing certificates from the Secretary of State of Lessee's state of incorporation and the state of Lessee's principal place of business (provided, such good standing certificates shall be obtained at the expense of Lessor);
- (ix) the Purchase Agreement Assignment with respect to the Equipment referenced in the Lease Supplement dated as of the date hereof; and
- (x) if in good faith and in its reasonable opinion Lessor requests, an appraisal of, and/or an invoice for, the Equipment identified on the Lease Supplement.

(b) **Subsequent Lease Supplements.** The obligations of Lessor to purchase Equipment on the respective Acceptance Date(s) therefor after the date hereof and to enter into the Lease Supplement with respect thereto is subject to the delivery to Lessor on such Acceptance Date of the following documents each in form and substance satisfactory to Lessor:

- (i) the Lease Supplement, duly executed by Lessee and dated such Acceptance Date with respect to the Equipment accepted by Lessee and subjected to the terms of this Agreement on such Acceptance Date;
- (ii) Uniform Commercial Code filings as deemed appropriate by Lessor's counsel duly executed by Lessee;
- (iii) a Warranty Bill of Sale specifically referring to each item of the Equipment accepted by Lessee and subjected to the terms of

this Agreement on such date, duly executed by the Seller thereof in favor of Lessor and dated such Acceptance Date;

(iv) a written update to the legal opinion of Donelan, Cleary, Wood & Maser, P.C., special Interstate Commerce Commission counsel to Lessor;

(v) if in good faith and in its reasonable opinion Lessor requests, a certificate dated as of such Acceptance Date from an officer of Lessee stating that there has been no material adverse change in the business, conditions or operations (financial or otherwise) of Lessee and its Consolidated Subsidiaries from that reflected in the financial statements referenced in Section 3(a)(i), that no Default or Event of Default shall have occurred and be continuing from the date of the Agreement to the respective Acceptance Date and that the representations and warranties of Lessee in this Agreement are true and correct as of such date;

(vi) a certificate of insurance evidencing the coverages required under Section 17 hereof with respect to the Equipment referenced in the Lease Supplement dated as of such Acceptance Date;

(vii) the Purchase Agreement Assignment with respect to the Equipment referenced in the Lease Supplement dated as of such Acceptance Date; and

(viii) if in good faith and in its reasonable opinion Lessor requests, an appraisal of, and/or an invoice for, the Equipment identified on the Lease Supplement.

(c) Additional Requirements. The obligations of Lessor to purchase the items of Equipment on the respective Acceptance Dates thereof and to enter into the respective Lease Supplement are also subject to:

(i) the absence on the Acceptance Date of any Liens on the Equipment, other than any Permitted Lien of the type specified in Sections 15(a) or (b) hereof;

(ii) the aggregate Acquisition Cost of all Equipment will not exceed the Maximum Cost;

(iii) the Acceptance Date shall be a date between and inclusive of the date hereof and the Acquisition Expiration Date;

(iv) Lessee shall have paid all fees and expenses due and owing with respect to the Overall Transaction;

(v) in its sole discretion, Lessor shall have agreed in writing to purchase items of Equipment in addition to those referenced in the previously executed Lease Supplement(s) and Lessor shall have obtained all internal approvals as Lessor shall have deemed necessary and/or appropriate; and

(vi) Lessor shall have received such other documents, appraisals, certificates, financing statements and other items, in form and substance satisfactory to Lessor, as Lessor may require.

SECTION 4. Delivery and Acceptance of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining the Equipment or making delivery thereof. Lessor hereby appoints Lessee as Lessor's agent for the sole and limited purpose of accepting delivery of each item of the Equipment. On the Acceptance Date for such Equipment Lessee shall promptly inspect each item of Equipment, and unless Lessee gives Lessor prompt written notice of any defect in or other proper objection to any item of such Equipment, Lessee shall promptly upon completion of such inspection execute and deliver to

Lessor the Lease Supplement, dated the Acceptance Date. Lessor shall also pay to the Seller the Acquisition Cost of the Seller's Equipment referenced in the applicable Lease Supplement if all of the conditions precedent specified in Section 3 hereof have been fulfilled to Lessor's satisfaction. The execution of the Lease Supplement by Lessee and Lessor shall evidence that each item of Equipment has been accepted under this Agreement, upon and subject to all of the terms, conditions and provisions hereof and shall constitute Lessee's unconditional and irrevocable acceptance of the Equipment for all purposes under this Agreement. Lessee's execution of the Lease Supplement shall constitute Lessee's acknowledgement and agreement that, as between Lessor and Lessee, each item of Equipment has been inspected to Lessee's satisfaction, is in good operating order, repair and condition, is of a size, design, capacity and manufacture selected by Lessee, that each item of Equipment is duly certified or licensed by any governmental entity which is charged with issuing such certificates or licenses, that Lessee is satisfied that each item of Equipment is suitable for its purpose, that Lessor has made no warranty, expressed or implied, with respect to any item of Equipment and that Lessee has unconditionally accepted each item of Equipment under this Agreement.

SECTION 5. Term.

(a) Basic Term. The Basic Term for lease of each item of the Equipment hereunder shall commence on the Acceptance Date therefor, and unless sooner terminated shall end on the first annual anniversary of such Acceptance Date.

(b) Renewal Term. If no Event of Default has occurred and is continuing, and if Lessor has not received written notice requesting termination of this Agreement ninety (90) days prior to expiration of the Basic Term with respect to all but not less than all of the Equipment described in a particular Lease Supplement, then Lessee shall be deemed to have renewed this Agreement as to all but not less than all such Equipment, and this Agreement shall continue in full force and effect, at a rental equal to the Fair Market Rental Value, for the renewal term specified in the Lease Supplement pertaining to such Equipment, unless this Agreement is sooner terminated pursuant to the provisions hereof (the "Renewal Term").

(c) Early Buyout Option. Lessee shall have the right to exercise its early buyout option for Equipment identified on a particular Lease Supplement on the terms and conditions set forth in such Lease Supplement.

(d) Early Termination Option. Lessee shall have the right to exercise its early termination option for Equipment identified on a particular Lease Supplement on the terms and conditions set forth in such Lease Supplement.

SECTION 6. End of Term Delivery of Equipment.

If this Agreement shall be in full force and effect and Lessee shall not have elected to purchase the Equipment in accordance with Section 29 hereof, to renew this Agreement in accordance with Section 5(b) hereof or to terminate this Agreement by means of a sale to a Third Party Purchaser in accordance with Section 5(d) hereof, then on the Expiration Date Lessee shall deliver, at Lessee's expense, all requested Equipment to Lessor (or to a third party to which the Equipment shall be sold pursuant to said Sections 5(d) or 29) to a location or locations within the continental United States as specified in writing by Lessor or such third party. The terms of this Section 6 shall apply to Lessee's delivery of the Equipment. At the time of such return to Lessor, each item of Equipment (and each part or component thereof) shall (i) be in good operating order in accordance with the "interchange rules" of the American Association of Railroads ("AAR") and the rules of the Federal Railroad Administration ("FRA"), and in the repair and condition as when originally delivered to Lessee, ordinary wear and tear from proper use thereof excepted, and refurbished where necessary, (ii) be capable of being immediately operated by a Third Party Purchaser or third party lessee without further inspection, repair, replacement, alteration or improvement, (iii) be

in accordance and compliance with the requirements of Section 11 hereof and any and all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of such item of Equipment, and (iv) be free and clear of all Liens, other than those granted or placed thereon by Lessor.

SECTION 7. Payments.

(a) **Basic Payments.** Lessee hereby agrees to pay Lessor Basic Payments for the Equipment from and including the Acceptance Date for each item of Equipment and throughout the Term, in consecutive quarterly installments, with each quarterly installment in an amount equal to (i) during the Basic Term, the Basic Payment Factor set forth on the Lease Supplement applicable to such items of Equipment hereto multiplied by the Acquisition Cost thereof and (ii) during the Renewal Term, if any, Fair Market Rental Value. Each Basic Payment shall be payable in arrears, on the last day of the Basic Payment Period to which such Basic Payment corresponds.

(b) **Supplemental Payments.** Lessee agrees to pay Lessor, or to whomsoever shall be entitled thereto as expressly provided herein, all Supplemental Payments promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Payments.

(c) **Method of Payment.** If the date that any Payment is due is other than a Business Day, the Payment otherwise payable on such date shall be payable on the next succeeding Business Day. All Basic Payments and Supplemental Payments required to be made by Lessee to Lessor hereunder shall be made in immediately available funds and in United States dollars. In the event of any assignment to an Assignee pursuant to Section 14(b) hereof, all payments which are assigned to such Assignee, whether Basic Payments, Supplemental Payments or otherwise, shall be paid in the same manner specified herein for payments to Lessor at such address as shall be designated by such Assignee. Time is of the essence in connection with the payment of Basic Payments and Supplemental Payments.

SECTION 8. Net Lease. This Agreement is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder, including, without limitation, its obligations to pay all Payments payable hereunder, shall be absolute and unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any Assignee, or the manufacturer of any item of the Equipment, any Part or unit or component of the Equipment, or any other Person for any reason whatsoever. Except to the extent expressly provided herein, and without in any manner limiting the generality of the foregoing sentence, the obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including, without limitation: (a) any defect in any item of the Equipment, any Part or unit or component of the Equipment, or the condition, design, operation or fitness for use thereof; (b) any damage to, or any loss, abandonment, salvage, scrapping or destruction of, any item of the Equipment, any Part or unit or component of the Equipment; (c) any Liens or rights of others with respect to any item of the Equipment, any Part or unit or component of the Equipment; (d) any prohibition or interruption of or other restriction against Lessee's use, operation or possession of any item of the Equipment, any Part or unit or component of the Equipment, for any reason whatsoever, or any interference with such use, operation or possession by any Person or entity; (e) any failure by Lessor to perform any of its obligations herein contained; (f) any other indebtedness or liability, howsoever and whenever arising, of Lessor or of any Assignee or of

Lessee to any other Person; (g) any insolvency, bankruptcy or similar proceedings by or against Lessor, any Assignee, any guarantor of Lessee's obligations or Lessee; or (h) any other reason whatsoever, whether similar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that the Basic Payments and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Agreement.

SECTION 9. Lessor's Title; True Lease. (a) Lessor's Title. Title to the Equipment shall at all times remain in Lessor and at no time during the Term shall title become vested in Lessee.

(b) True Lease. This Agreement is a lease intended as a true lease and not as a lease intended as security. Lessee will make no claim nor assert any right to the Equipment or any component thereof inconsistent with Lessor's ownership thereof and will make appropriate entries upon its books and records reflecting Lessor's ownership of the Equipment and each component thereof.

SECTION 10. Use of Equipment; Compliance with Laws. Lessee agrees that each item of Equipment will be used and operated only (a) for purposes or operations in the ordinary course of its business and (b) in the manner set forth in, and in accordance with, the terms, conditions and provisions of the insurance policy or policies providing the coverages specified in Section 17 hereof. In no event shall Lessee use or operate any item of Equipment, or knowingly permit any item of Equipment to be used or operated, for any purpose for which such item of Equipment is not designed or reasonably suitable, or in any fashion that may reasonably subject such item of Equipment to any Liens, other than Permitted Liens, or in any area excluded from coverage by any such insurance policy or policies. Lessee further agrees that each item of Equipment will be used and/or operated in the conduct of Lessee's business and in compliance with all statutes, law, ordinances, rules and regulations of any federal, state, local or foreign government or governmental authority having jurisdiction with respect to the use, operation, maintenance, condition and occupancy of any item of Equipment (including, without limitation, all zoning, environmental protection, pollution, sanitary and safety laws). Lessee will not load, use, operate, or store any item of Equipment, or knowingly permit the loading, using, operating or storing of any item of Equipment, in a negligent manner or otherwise in violation of this Agreement or so as to void any of the insurance coverages specified in Section 17 hereof respecting any item of Equipment. Lessee shall procure and maintain in effect all licenses, certificates, permits, approvals and consents required by federal, state, local or foreign laws or by any governmental body, agency or authority, in connection with the delivery, use, operation, maintenance, condition and occupancy of each item of Equipment. The Equipment will at all times be and remain in the control of Lessee or a designee of Lessee except as Lessee's relinquishment of control of an item of Equipment is specifically permitted by this Agreement and except while an item of Equipment is undergoing maintenance. To the extent that any applicable law requires the licensing or certification of an operator of any item of the Equipment, each such operator shall be duly licensed and currently certificated and qualified to operate such item of Equipment and authorized by the terms of (in accordance with the provisions and requirements of) the insurance policy or policies providing the coverages specified in Section 17 hereof.

SECTION 11. Operation and Maintenance of Equipment. Lessee agrees, at its own cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, in accordance with the "interchange rules" of the AAR and the rules of the FRA, and in compliance with such maintenance and repair standards and procedures as are set forth in the manufacturer's manuals pertaining to the Equipment, and as otherwise may be required to enforce warranty claims against each vendor and manufacturer of each item of Equipment, and in compliance with all requirements of law applicable to the maintenance and condition of the Equipment. Lessee further

agrees, at its own cost and expense, (a) to maintain the exterior sides of the Equipment free of rust and/or corrosion, (b) to paint the Equipment according to a standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification, (c) in the case of covered hopper and tank cars to maintain the Equipment such that the lining of each item of Equipment shall be maintained intact and in serviceable condition and (d) otherwise in accordance with any operation and/or maintenance provisions set forth in the particular Lease Supplement applicable to a particular item of the Equipment. Lessee shall, at its own cost and expense, supply the necessary items required in the operation of the Equipment. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Equipment at the expense of Lessor, without the prior consent of Lessor.

SECTION 12. Replacement of Parts; Alterations; Modifications and Additions. In case any part, component or unit of the Equipment is required to be altered or modified, or any equipment or appliance is required to be altered, added, replaced or modified on any item of Equipment or in either case in order to comply with the laws, regulations, requirements or rules ("Required Alteration") pursuant to Sections 10 or 11 hereof, Lessee agrees to make such Required Alteration at its own expense. Such Required Alteration shall immediately be and become the property of Lessor hereunder and subject to the terms of this Agreement. Lessee agrees that, within thirty (30) days after the close of any calendar quarter in which Lessee has made any material Required Alteration, Lessee will give written notice thereof to Lessor describing, in reasonable detail, the Required Alteration and specifying the cost thereof and the date or dates when made. All parts, equipment and appliances incorporated or installed in or attached to any item of Equipment in connection with servicing, repairing, maintaining and overhauling any item of Equipment pursuant to the requirements of Sections 10 or 11 hereof ("Replacement") shall be considered accessions to such item of Equipment and shall immediately, without further act, be and become the property of Lessor and part of the Equipment. Lessee may, without the prior written consent of Lessor, affix or install any accessory, equipment or device on the Equipment or make any improvement or addition thereto other than a Required Alteration or Replacement ("Improvement"); provided that, (a) a nonremovable Improvement may only be made to the Equipment if such Improvement does not reduce the value of the Equipment and (b) any other Improvement may only be made to the Equipment if such Improvement is readily removable without causing damage to the Equipment or impairing the value, utility or condition the Equipment would have had if such Improvement had not been so affixed or installed. Improvements shall be considered accessions to the Equipment and shall immediately without further act, be and become the property of Lessor and part of the Equipment. At the time title to any replacement Part, equipment or appliance has become vested in Lessor pursuant to the provisions of this Section 12, title to the part, equipment or appliance replaced thereby shall thereupon vest in Lessee.

SECTION 13. Identification; Inspection; Reports; Change of Chief Executive Office.

(a) **Identification.** Lessee shall, promptly after each Acceptance Date, mark each item of the Equipment accepted under this Agreement on such date in a manner satisfactory to Lessor so as to identify that such item is owned by Lessor.

(b) **Inspection.** Lessor shall have the right on any Business Day during normal business hours and upon reasonable notice to Lessee to inspect (i) any item of the Equipment (at Lessee's facilities, the maintenance facilities with respect to any of the Equipment and the facilities of any assignee, sublessee or other transferee with respect to any of the Equipment (to the extent such assignment, sublease or other transfer is permitted hereunder)), and (ii) Lessee's maintenance and operational records with respect thereto. Lessor shall only conduct such inspections, or cause such inspections to be conducted, as Lessor deems necessary or appropriate to

confirm the existence and proper maintenance of such Equipment. Upon receipt of Lessor's notice requesting to inspect certain Equipment, Lessee shall promptly notify Lessor of the location of such Equipment and shall make all necessary arrangements to facilitate the inspection.

(c) Reports. Upon Lessor's written request, Lessee shall furnish Lessor with an accurate statement showing the then current location of each item of the Equipment.

(d) Change of Chief Executive Office. Lessee shall give Lessor written notice on or prior to the date as of which Lessee shall change its chief executive office from the address referenced therefor in this Agreement, and Lessee shall stipulate the new address in such notice.

SECTION 14. Assignment, Sublease or Transfer; Assignment; Consolidation and Merger.

(a) Assignment, Sublease or Other Transfer by Lessee. LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR (WHICH SHALL NOT BE UNREASONABLY WITHHELD), ASSIGN, SUBLEASE OR OTHERWISE TRANSFER ITS RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OF THE EQUIPMENT, HEREUNDER OR UNDER ANY OF THE OTHER TRANSACTION DOCUMENTS AND ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER BY LESSEE WITHOUT SUCH LESSOR CONSENT SHALL BE NULL AND VOID. The foregoing sentence shall not prohibit Lessee's granting to The Chase Manhattan Bank (National Association) as Administrative Agent ("Chase"), of a security interest in and to all of Lessee's right, title and interest hereunder as collateral to secure the payment by Lessee of certain loans made by Chase as required by the Company Security Agreement entered into between Lessee and Chase as of April 25, 1990, as amended from time to time.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing hereunder, Lessee shall have the right to permit the use of the Equipment in the usual interchange of traffic, provided that Lessee's obligations hereunder shall remain in full force and effect. With respect to any sublease for which Lessor provides its written consent, such sublease must be a Permitted Sublease, no such sublease by Lessee will reduce any of the obligations of Lessee hereunder or the rights of Lessor hereunder, and all of the obligations of Lessee hereunder shall be and remain primary and shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. Lessee shall furnish to Lessor not later than the effective date of such sublease (i) new insurance certificates from Lessee's insurance broker, in form and substance satisfactory to Lessor, indicating compliance with the insurance provisions of this Agreement and (ii) an officer's certificate from Lessee naming the sublessee and specifying the address for the sublessee's principal place of business. Lessee shall, and shall cause such sublessee to, execute and deliver such instruments to the appropriate Person for filing and to deliver copies of the same to Lessor (including sublease agreements and Uniform Commercial Code financing statements) as may be requested by Lessor in connection with any such sublease.

(b) Assignment By Lessor. Lessor may at any time with the prior written consent of Lessee (which consent shall not be unreasonably withheld) (i) assign, sell or transfer, in whole or in part, Lessor's right, title and interest in, to and under this Agreement and any Lease Supplement, including, without limitation, the right to receive any or all Payments payable under this Agreement and under any Lease Supplement with respect to the Equipment and (ii) sell or transfer all of Lessor's right, title and interest in and to the Equipment. Any such assignee of Lessor's rights (an "Assignee") shall have a minimum tangible net worth of no less than \$25,000,000 upon the effective date of such assignment, sale or transfer. Any such Assignee shall also have all of Lessor's right, title and interest hereunder to the extent that the same relate to the interest of the Assignee covered by the assignment, including, without limitation, the right to receive such Assignee's portion of the Basic Payments payable for the Equipment sold or

transferred for all Basic Payment Periods commencing on or after the date of such assignment, the right to receive such Assignee's portion of the Supplemental Payments which are payable as a result of acts or events which occur on or after the date of such assignment and the right to enforce, either in such Assignee's name or in Lessor's name, but without cost or expense to Lessor, all of Lessor's rights hereunder assigned to such Assignee. Any such assignment shall be subject to Lessee's rights hereunder so long as no Event of Default has occurred and is continuing hereunder. Lessee shall be under no obligation to any Assignee except upon written notice of such assignment from Lessor. Upon written notice from Lessor to Lessee of such assignment, Lessee agrees to pay the Basic Payments and Supplemental Payments to the Assignee in accordance with the terms of this Agreement supplemented by the instructions specified in such notice, to give all notices which are required or permitted to be given by Lessee to Lessor hereunder to the Person(s) specified to receive the same in such notice of assignment and to otherwise comply with all reasonable notices, directions and demands which may be given by such Assignee in accordance with the provisions of this Agreement. Lessee agrees to deliver to any Assignee an acknowledgement of the assignment together with an opinion of Lessee's counsel regarding the validity and enforceability of this Agreement and each Lease Supplement against Lessee, an incumbency certificate of Lessee and such authorizing resolutions as such Assignee may reasonably request; provided, however, all out of pocket fees and expenses incurred by Lessee in connection with the production or delivery of the foregoing documents referenced previously in this sentence shall be for the account of Lessor or such Assignee, as agreed to by such parties.

Lessor may also transfer all, but not less than all, of Lessor's right, title and interest in, to and under the other Transaction Documents to the Assignee and after the effective date of such transfer, the Assignee shall have all of Lessor's right, title and interest under such other Transaction Documents.

(c) Consolidation, Merger, Conveyance, Transfer and Lease By Lessee.

Lessee shall not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its stock or assets as an entirety or in one or more parcels to any Person or Persons unless:

(i) Lessee is the surviving entity of any such consolidation or merger and the requirements of Sections 14(c)(ii)(A)-(C) are satisfied; or

(ii) (A) immediately prior to and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(B) immediately after giving effect to such transaction, the consolidated tangible net worth (computed on the same basis as the Consolidated Tangible Net Worth) of the corporation formed by such consolidation or into which Lessee is merged or the Person which acquired by conveyance, transfer or lease substantially all the stock or assets of Lessee as an entirety, as the case may be, shall not be less than one hundred percent (100%) of the Consolidated Tangible Net Worth of Lessee as reflected in the then most recent financial statement furnished by Lessee pursuant hereto prior to such consolidation, merger, conveyance, transfer or lease; and

(C) Lessee shall have delivered to Lessor a certificate signed by an officer of Lessee stating that such consolidation, merger, conveyance, transfer or lease complies with the requirements of this Section 14(c) and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger in which Lessee is not the surviving corporation, or any conveyance, transfer or lease of substantially all the stock or assets of Lessee as an entirety, in each case in accordance with this

Section 14(c), the successor corporation formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for (but without release of Lessee from any of its obligations hereunder with respect to any conveyance, transfer or lease of substantially all the stock or assets of Lessee as an entirety), and may exercise every right and power of, Lessee under this Agreement with the same effect as if such successor corporation had been named as a Lessee herein.

SECTION 15. Liens; Permitted Contests. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment, or Lessor's title thereof, except the following (collectively, the "Permitted Liens"): (a) any Lien granted to Lessor hereunder or granted or placed thereon by Lessor as a result of an assignment pursuant to Section 14(b) hereof, (b) any Lien resulting from an independent act of or claim against Lessor which does not result from, arise out of or relate to the manufacture, acquisition, ownership, operation, repair, maintenance, storage, usage or leasing of such item of Equipment or this Agreement or any Lease Supplement or any Default or Event of Default, (c) any Lien for Taxes or Other Impositions either not yet delinquent or which are the subject of a Permitted Contest, and (d) any materialmen's, mechanics', workmen's, repairmen's or employees' lien or any other like Lien arising in the ordinary course of business, which is not delinquent or the subject of a Permitted Contest. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep each item of Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor, any such Lien not excepted above if the same shall arise at any time. Lessee will maintain each Lien on the Equipment granted hereunder in favor of Lessor as a first priority, perfected security interest. Lessee will notify Lessor and any Assignee in writing promptly upon becoming aware of any Taxes or Other Impositions or other Lien (other than any Lien excepted above) that shall attach to any item of Equipment and of the full particulars thereof.

Lessee shall pay, and save Lessor harmless against, any and all losses, judgments, decrees and costs (including, without limitation, all reasonable attorneys' fees and expenses) in connection with any Permitted Contest and shall promptly after the final settlement, compromise or determination (including any appeals) of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interests, costs and expenses thereof or in connection therewith, and perform all acts, the performance of which shall be ordered or decreed as a result thereof.

SECTION 16. Loss, Damage or Destruction.

(a) **Risk of Loss, Damage or Destruction.** Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation, requisition or commandeering, partial or complete, of or to the Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to the Equipment from the Acceptance Date therefor, and continuing until the Equipment has been delivered in accordance with the provisions of Section 6 hereof or has been purchased by Lessee or a third party in accordance with the provisions of Section 29 hereof. Lessee agrees that no occurrence specified in the preceding sentence shall impair, in whole or in part, any obligation of Lessee under this Agreement, including, without limitation, the obligation to make Payments.

(b) **Event of Loss with Respect to Equipment.** (i) Upon the occurrence of an Event of Loss with respect to any item of Equipment during the Term, Lessee shall forthwith (and in any event within ten (10) days after such occurrence or notification of such occurrence to Lessee from the railroad operating such Equipment at the time of such occurrence) give Lessor written notice of such Event of Loss and of its election to perform one of the

following options (it being agreed that if Lessee shall not have given Lessor notice of such election within such ten (10) days after such occurrence, Lessee shall be deemed to have elected to perform the option set forth in the following clause (B)), provided that Lessee shall not have the right to select the option set forth in the following clause (A) if a Default or Event of Default shall have occurred and be continuing and in such circumstance shall be deemed to have selected the option set forth in the following clause (B):

(A) As promptly as practicable, and in any event within sixty (60) days of the occurrence of such Event of Loss, Lessee shall convey or cause to be conveyed to Lessor pursuant to Section 16(b)(ii), and to be leased by Lessee hereunder in replacement for such item of Equipment, a replacement item (the "Replacement Item"), such Replacement Item to be free and clear of all Liens (other than Permitted Liens) and to have a value and utility at least equal to, and be in as good operating condition as, the item of Equipment with respect to which such Event of Loss occurred, assuming such item of Equipment was of the value and utility and in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss; provided that, if Lessee shall not perform its obligation to effect such replacement under this clause (A) during the period of time provided herein, then Lessee shall promptly give notice to Lessor, and shall be deemed (whether or not Lessee shall have so given such notice) to have elected to perform the option set forth in clause (B) below by the date and pursuant to the terms specified in said clause. (Notwithstanding such Event of Loss, Lessee's obligation to pay Basic Payments shall continue.)

(B) On the Casualty Loss Value Date next following the earlier of sixty (60) days after the occurrence of such Event of Loss and the date of receipt of insurance proceeds in respect of such occurrence, Lessee shall pay Lessor the sum of (i) the Casualty Loss Value (computed as of the Casualty Loss Value Date next following the date of such Event of Loss) for all the Equipment then subject to the Event of Loss, plus (ii) all accrued and unpaid Basic Payments (and/or any pro rata portion thereof) owing for all Basic Payment Periods (and/or any pro rata portion thereof) prior to such Casualty Loss Value Date, plus (iii) all Supplemental Payments then accrued and unpaid or due and owing. Upon payment in full of amounts specified in clauses (i) through (iii) of the preceding sentence, (A) the obligation of Lessee to pay Basic Payments hereunder, with respect to such item of Equipment for all Basic Payment Periods commencing after the occurrence of such Event of Loss shall terminate, (B) the Term shall end with respect to such item of Equipment, and (C) Lessor shall transfer to Lessee, or Lessee's designee, its title to such item of Equipment consistent with the settlement terms of Section 29(e) hereof.

(ii) Conveyance of Replacement Equipment. Prior to or at the time of any conveyance of a Replacement Item, Lessee, at its own expense, will furnish, or cause to be furnished, to the Lessor the following documents (in form and substance satisfactory to Lessor) which shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect on the date of such conveyance:

(A) with respect to any such Replacement Item, a full warranty bill of sale and Uniform Commercial Code financing statements;

(B) a supplement to this Agreement, and if a Permitted Sublease is in force and effect to such Permitted Sublease, in each case covering such Replacement Item, duly executed by Lessee and the sublessee under the Permitted Sublease, if any;

(C) such evidence of compliance with the insurance provisions of this Agreement with respect to such Replacement Item, as Lessor may reasonably request, including an independent insurance broker's report (stating the opinion of such insurance broker that such insurance complies with the terms of this Agreement) with certificates of insurance;

(D) an opinion of Lessee's counsel (and such other opinions or evidence of title as Lessor or its counsel may reasonably request) to the effect that, upon such conveyance, Lessor will acquire good and marketable title to such Replacement Item, free and clear of all Liens other than Permitted Liens, and that such Replacement Item will be leased hereunder and subleased under the Permitted Sublease, if any; and

(E) such other documents and evidence with respect to Lessee as Lessor or its counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 16(b), the taking of all corporate proceedings in connection with and compliance with the conditions set forth in this Section 16(b), in each case in form and substance satisfactory to Lessor.

Upon full compliance by Lessee with the terms of this Section 16(b), Lessor shall convey to Lessee, at Lessee's cost and expense, all of Lessor's right, title and interest, as-is, where-is, without recourse or warranty, express or implied, in and to such replaced item of Equipment, with respect to which Event of Loss occurred. No Event of Loss with respect to an item of Equipment under the circumstances contemplated by the terms of this Section 16(b) shall result in any reduction in Basic Payments or Lessee's obligation to pay Basic Payments hereunder.

Lessee further agrees to take such further action as Lessor may reasonably request with respect to such Replacement Item to perfect the interest of Lessor in such Replacement Item.

(c) Application of Other Payments Upon Event of Loss. Any payments for damages to the Equipment (including, without limitation, insurance proceeds) received at any time by Lessor or by Lessee from any insurer, governmental authority or other party as a result of the occurrence of an Event of Loss will be applied as follows: (i) any such payments received at any time by Lessee shall be promptly paid to Lessor for application pursuant to the following provisions of this Section 16(c); (ii) so much of such payments as shall not exceed the amounts required to be paid by Lessee pursuant to Section 16(b) hereof shall be applied in reduction of Lessee's obligation to pay such amount, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amount, unless a Default or an Event of Default shall have occurred and be continuing; and (iii) the balance, if any, of such payments remaining thereafter shall be paid to or retained by Lessee, unless a Default or an Event of Default shall have occurred and be continuing.

(d) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any insurer, governmental authority or other party with respect to any condemnation, confiscation, theft or seizure of, or requisition of title to or use of, or loss or damage to, any item of the Equipment not constituting an Event of Loss, will be applied (if no Default or Event of Default shall have occurred and be continuing) directly in payment of repairs or for replacement of property in accordance with the provisions of Sections 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee and if no Default or Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with said Sections 11 and 12 with respect to such loss or damage shall be paid to or retained by Lessee.

SECTION 17. Insurance.

(a) Coverage. Lessee shall:

(i) maintain property damage insurance for the Equipment in an amount not less than the Casualty Loss Value of the Equipment for all property damage and loss including, without limitation, loss, vandalism, malicious mischief, damage from fire, and normal extended coverage perils customarily included in policies available with respect to property comparable to the Equipment;

(ii) maintain comprehensive general public liability, including blanket contractual, personal injury, property damage and loss of use of property of others, insurance applicable to the Equipment in such amounts usually carried by Lessee but in any event with a combined single limit of not less than \$20,000,000; and

(iii) maintain such other insurance with respect to the Equipment in such amounts and against such insurable hazards as is usually carried by Lessee, but any loss of the type customarily covered by the policies described in Sections 17(a)(i) and (ii) whether actually covered in whole or in part by such policies, shall be the responsibility of Lessee and the absence of such coverage shall not relieve Lessee from any of its obligations under any of the documents or agreements related to the Overall Transaction.

All insurance policies carried in accordance with this Section 17(a) (excepting any self-insurance permitted under this Agreement) shall be maintained with insurers of recognized responsibility and standing in the industry.

Any insurance policies carried in accordance with this Section 17 shall be subject only to (A) exclusions of the sort existing in the insurance policies in effect on the Acceptance Date and (B) deductible amounts and/or retentions not in excess of \$1,000,000 per occurrence with respect to comprehensive general public liability insurance.

Notwithstanding anything to the contrary in this Section 17, (i) Lessee shall at all times maintain insurance with respect to the Equipment in accordance with its standard corporate minimum practice with respect to other similar equipment and (ii) any loss of the type customarily covered by the policies described in Sections 17(a), whether actually covered in whole or in part by such policies, shall be the responsibility of Lessee and the absence of such coverage shall not relieve Lessee from any of its obligations under any of the documents or agreements related to the Overall Transaction.

(b) Policy. Any insurance policy maintained by Lessee pursuant to Section 17(a) hereof (excepting any self-insurance permitted under this Agreement) shall:

(i) specify Lessor, as its interest may appear, as a loss payee with respect to property damage insurance and as an additional insured with respect to liability insurance;

(ii) include effective waivers by the insurer of all claims for insurance premiums or commissions or (if such policies provide for the payment thereof) additional premiums or assessments against Lessor;

(iii) provide that in respect of the interests of Lessor such policies shall not be invalidated by any action or inaction of Lessee or any other Person and shall insure the rights and interests of Lessor regardless of, and any claims for losses shall be payable notwithstanding:

(A) any act of negligence, including, without limitation, any breach of any condition or warranty in any policy of insurance, by Lessee, Lessor or any other Person;

(B) the use of the Equipment for purposes more hazardous than permitted by the terms of the policy;

(C) any foreclosure or other proceeding or notice of sale relating to the Equipment; or

(D) any change in the title to or ownership of the Equipment;

(iv) provide that such insurance shall be primary insurance and that the insurers under such insurance policies shall be liable under such policies without right of contribution from any other insurance coverage effected by or on behalf of Lessor under any other insurance policies covering a loss that is also covered under the insurance policies maintained by Lessee pursuant to this Section 17 and shall expressly provide that all provisions thereof, except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee), shall operate in the same manner as if there were a separate policy covering each insured;

(v) provide that any material adverse change therein shall not be effective as to Lessor until at least thirty (30) days after receipt by Lessor of written notice thereof and provide that any cancellation thereof shall not be effective as to Lessor until receipt by Lessor of written notice of cancellation at thirty (30) days before the effective date of cancellation;

(vi) waive any right of subrogation of the insurers against Lessor and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor;

(vii) provide that the whole or any part of the right, title and interest of Lessor or Lessee therein may be assigned; and

(viii) subject to Section 17(a) hereof, be reasonably satisfactory to Lessor in all other material respects.

(c) **Evidence of Insurance.** Lessee shall deliver to Lessor by the Acceptance Date for each item of the Equipment either (i)(A) a certificate or certificates of insurance executed by the insurer or its duly authorized agent evidencing the policy number, expiration date and policy amount for the property damage, liability and other policies required hereby and further evidencing that Lessor is named as a loss payee and an additional insured with respect to such property damage and liability policies, respectively, and (B) a letter from the insurer or its duly authorized agent specifying that the insurance policies which Lessee currently has in place with respect to the Equipment comply in all respects with the requirements of this Agreement or (ii) a certificate or certificates of insurance executed by the insurer or its duly authorized agent which include(s) the provisions described in Sections 17(a) and 17(b)(i-vii) hereof.

(d) **Annual Insurance Certificate.** By the annual anniversary of the Acceptance Date for each item of the Equipment of each year commencing with 1995, and within thirty (30) days after any material adverse change (including, without limitation, any material increase in deductible and/or retention amounts) in any of the insurance policies required hereunder, Lessee shall deliver to Lessor either (i) the items specified in Section 17(c)(i)(A) and (B) or (ii) the item(s) specified in Section 17(c)(ii).

SECTION 18A. General Tax Indemnity. Lessee agrees to pay, and indemnify and hold Lessor and its successors and assigns harmless on an after-tax basis from, any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest therein (herein called "Taxes or Other Impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, Lessee, or any item of Equipment, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) any item of Equipment (b) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, re-leasing, possession, use, maintenance, registration, titling, licensing, documentation, return, sale (including, without limitation, sale to Lessee by Lessor pursuant to the terms hereof) or other application or disposition thereof, (c) the payments, receipts or earnings arising from the Equipment, or any Part, or (d) this Agreement, the Lease Supplement, or the Basic Payments and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to any taxes to the extent based upon or measured by Lessor's net income, and which are imposed or levied by any Federal, state or local taxing authority in the United States.

Lessor shall furnish Lessee with copies of any requests for information received by Lessor from any taxing authority relating to any Taxes or Other Impositions with respect to which the Lessee is required to indemnify hereunder, and if a claim is made against Lessor for any such Taxes or Other Impositions, with respect to which Lessee is liable for a payment or indemnity hereunder, Lessor shall give Lessee notice thereof in writing at least 20 days prior to the expiration of the time period for responding to such claim. Lessee may, at its sole cost and expense, either in its own name or in the name of Lessor, contest the validity, applicability or amount of any such Tax or Other Imposition by means of a Permitted Contest. If Lessor shall obtain a refund of any amount paid by Lessee pursuant to this Section 18A, Lessor shall pay to Lessee the amount of such refund, together with the amount of any interest actually received by Lessor on account of such refund. Lessee will promptly notify Lessor of all reports or returns required to be made with respect to any Tax or Other Imposition with respect to which Lessee is required to indemnify hereunder, and will promptly provide Lessor with all information necessary for the making and timely filing of such reports or returns by Lessor. If Lessor requests that any such reports or returns be prepared and filed by Lessee, Lessee will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee shall prepare such reports or returns for signature by Lessor, and shall forward the same, together with immediately available funds for payment of any Tax or Other Imposition due, to Lessor, at least 10 days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all Taxes or Other Impositions paid by Lessee pursuant to this Section 18A. All of the indemnities contained in this Section 18A shall continue in full force and effect notwithstanding the expiration or other termination of the Term and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

SECTION 18B. Special Tax Indemnity. (i) Lessor and Lessee have made the following assumptions regarding the characterization of this Agreement for federal income tax purposes (the "Tax Assumptions"): (A) Lessor will be treated as the purchaser, owner, and lessor of the Equipment; (B) the Equipment will be treated as placed in service on the date specified in the applicable Lease Supplement, and Lessor's basis in the Equipment will be equal to the total actual cost to Lessor of such Equipment; (C) for federal tax purposes, Lessor will be entitled to claim depreciation deductions with respect to one hundred percent (100%) of the total actual cost of the Equipment computed (i) on the basis that the Equipment has the depreciable life set forth in the applicable Lease Supplement, (ii) by using the two hundred percent (200%) declining balance method, switching to a straight line method for the first taxable year of Lessor for which such method yields a

larger allowance, (iii) assuming salvage value is zero, and (iv) using the half-year convention under Section 168(d)(4)(A) of the Code; (D) the only amounts that Lessor will be required to include in gross income with respect to this Agreement will be (1) rents of all types as paid under this Agreement, (2) payments as a consequence of a sale or other disposition of the Equipment, and (3) any indemnity pursuant to this Section 18B; (E) Lessor will be able to amortize over the Basic Term all of its Transaction Costs which are not currently deductible; and (F) all items of income and expense will be treated on an accrual basis and as derived from or allocable to sources within the United States.

(ii) Lessee hereby represents, warrants and covenants to Lessor as follows: (A) all information supplied by Lessee to any appraiser with respect to the Equipment will be complete and accurate in all material respects; (B) the Equipment will not be used "predominantly outside the United States" within the meaning of Sections 168(g)(1)(A) and 168(g)(4) of the Code; (C) assuming Lessor is treated as the owner of the Equipment for federal income tax purposes, the Tax Assumptions set forth in Section 18(b)(i)(C) are correct; (D) under current law, no item of Equipment constitutes "limited use property" within the meaning of Revenue Procedure 76-30, 1976-2 C.B. 647; and (E) Lessee (including any Affiliate) will not claim any depreciation or cost recovery deductions with respect to the Equipment, will not use the Equipment in any manner that will cause the Equipment to cease to qualify for the depreciable life for such Equipment as specified in the applicable Lease Supplement, and has not taken and will not take any other action in connection with filing its or their federal income tax returns that would cause any of the Tax Assumptions to be incorrect.

(iii) If, by reason of any act or omission of Lessee or by any other Person in possession of the Equipment, or by reason of the inaccuracy or breach by Lessee of any of the representations, warranties and covenants contained in Section 18B(ii), tax benefits resulting from the Tax Assumptions are lost, disallowed, eliminated, reduced, recaptured, compromised, delayed or otherwise made unavailable to Lessor or Lessor incurs a tax detriment because it is required to include amounts in income other than as contemplated in the Tax Assumptions, Lessee shall, upon notice by Lessor, promptly pay to Lessor on demand in immediately available funds, an indemnity payment, as determined by Lessor, equal to the amount of such lost tax benefits and such tax detriments incurred (including, without limitation, the incurrence of any tax detriments as a result of the inclusion by Lessor in gross income of any such indemnity payment), plus any interest, penalties and additions to tax thereon and plus any expenses incurred by Lessor in connection therewith.

(iv) All of the indemnities contained in this Section 18B shall continue in full force and effect, notwithstanding the expiration or other termination of the Term and are expressly made for the benefit of, and shall be enforceable by, Lessor and each Assignee.

SECTION 19. General Indemnity. Lessee hereby assumes liability for, and does hereby agree, whether or not any of the transactions contemplated hereby are consummated, to indemnify, protect, save, defend, and hold harmless Lessor, each Assignee, and their respective officers, directors, stockholders, successors, assigns, agents and servants (each such party being herein, for purpose of this Section 19, called an "Indemnified Party") from and against any and all obligations, fees, liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including, without limitation, reasonable legal expenses, of every kind and nature whatsoever imposed on, incurred by, or asserted against any Indemnified Party, in any way relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling, registration or reregistration, acceptance, leasing, subleasing, possession, use, operation, maintenance, storage, removal, sale, delivery or

other disposition of the Equipment, or any portion thereof, including, without limitation, any of such as may arise from (i) loss or damage to any property or death or injury to any person, (ii) patent or latent defects in any item of Equipment (whether or not discoverable by Lessee or any Indemnified Party), (iii) any claims based on strict liability in tort or otherwise, (iv) any claims based on patent, trademark or copyright infringement, and (v) any claims based on liability arising under the applicable environmental or noise or pollution control law or regulation, (b) any failure on the part of Lessee to perform or comply with any of the terms of this Agreement, but excluding any claim based upon any failure on the part of Lessor to comply with any of Lessor's obligations under this Agreement. Lessee shall not be required to indemnify any Indemnified Party for any claims resulting from acts which would constitute the willful misconduct or gross negligence of such Indemnified Party or (c) any claims, encumbrances, security interests, liens or legal processes regarding Lessor's title to the Equipment. Lessee shall give each Indemnified Party prompt notice of any occurrence, event or condition known to Lessee as a consequence of which any Indemnified Party is or is reasonably likely to be entitled to indemnification hereunder. Lessee shall forthwith upon demand of any such Indemnified Party reimburse such Indemnified Party for amounts expended by it in connection with any of the foregoing or pay such amounts directly. Lessee shall be subrogated to an Indemnified Party's rights in any matter with respect to which Lessee has actually reimbursed such Indemnified Party for amounts expended by it or has actually paid such amounts directly pursuant to this Section 19. In case any action, suit or proceeding is brought against any Indemnified Party in connection with any claim indemnified against hereunder, such Indemnified Party will, after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon such Indemnified Party. Lessee may, and upon such Indemnified Party's request will, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and consented to by such Indemnified Party (such consent not to be unreasonably withheld); and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by such Indemnified Party in connection with such action, suit or proceeding. The provisions of this Section 19, and the obligations of Lessee under this Section 19, shall apply from the date of the execution of this Agreement and shall survive the expiration or earlier termination of this Agreement and of the Term.

SECTION 20. NO WARRANTIES. LESSOR LEASES THE EQUIPMENT TO LESSEE ON AN AS-IS, WHERE-IS BASIS AND EXCEPT AS OTHERWISE EXPRESSLY STATED IN THIS AGREEMENT LESSOR EXPRESSLY DISCLAIMS AND MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EQUIPMENT, THE DESIGN OR CONDITION OF EQUIPMENT, ITS MERCHANTABILITY, DURABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, OR ANY OTHER MATTER CONCERNING, ANY ITEM OF THE EQUIPMENT OR THE FINANCING THEREOF (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING, WITHOUT LIMITATION, INCIDENTAL OR CONSEQUENTIAL DAMAGE) OR EXPENSE CAUSED BY ANY ITEM OF THE EQUIPMENT OR BY LESSEE'S LOSS OF USE THEREOF FOR ANY REASON WHATSOEVER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN ANY ITEM OF THE EQUIPMENT, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF ANY ITEM OF THE EQUIPMENT OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE ANY ITEM OF THE EQUIPMENT FOR ANY REASON WHATSOEVER. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as all of the Equipment described in a particular Lease Supplement shall be subject to this Agreement and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's sole expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's,

vendor's or dealer's warranty on any item of Equipment; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

SECTION 21. Lessee's Representations, Warranties and Covenants. Lessee hereby represents, warrants and covenants to Lessor that:

(a) **Due Organization and Existence.** Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is qualified to do business in each jurisdiction in which such qualification is necessary in order for Lessee to carry on its business and to perform its obligations hereunder, and is in good standing under the laws of each jurisdiction in which the failure to be in good standing would have a material adverse effect on the condition (financial or otherwise) of Lessee;

(b) **Power and Authority.** Lessee has the corporate power and authority to execute and perform this Agreement and the other Transaction Documents to which Lessee is a party and to lease the Equipment hereunder, and has duly authorized the execution, delivery and performance of this Agreement and the other Transaction Documents to which Lessee is a party;

(c) **Due Authorization.** The leasing of the Equipment from Lessor by Lessee, the execution and delivery by Lessee of this Agreement and each Transaction Document to which it is a party, and the compliance by Lessee with the terms hereof and thereof, and the payment and performance by Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's articles of incorporation, by-laws or of any provisions of any agreements relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provisions of law applicable to Lessee, any order, writ, injunction, decree, determination or award of any court or other agency of government applicable to Lessee, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time) a default under any such indenture, agreement or any instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets;

(d) **Enforceability.** This Agreement, each Lease Supplement and every other Transaction Document have been (or in the case of future Lease Supplements, will be) executed by the duly authorized officer or officers of Lessee and delivered to Lessor and constitute (or in the case of future Lease Supplements, will constitute) the legal, valid and binding obligation of Lessee, enforceable in accordance with its terms;

(e) **No Consents.** Except as set forth in subsection (g) below, neither the execution and delivery of this Agreement or any other Transaction Document by Lessee nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, nor the sale of the Equipment by any Seller to Lessor for the purpose of leasing the same to Lessee under this Agreement requires the consent or approval of, the giving of notice to, the registration, filing or recording with or the taking of any action that has not already been taken and completed in respect of, any federal, state, local or foreign government or governmental authority or agency;

(f) **No Liens.** No mortgage, deed of trust, or other Lien (other than the Lien granted to Lessor hereunder) which now covers or affects, or which may hereafter cover or affect, any property, or interest therein of Lessee, now attaches or hereafter will attach to any item of Equipment, or in any manner affects or will affect adversely Lessor's rights and interests therein;

(g) **Financial Statements.** All balance sheets, statements of profit and loss and other financial data that have been delivered to Lessor with respect to the Lessee (and its Subsidiaries) (i) are complete and correct in all material respects, (ii) accurately present the financial condition of the Lessee (and its Subsidiaries) on the dates for which, and the results of their respective operations for the periods for which, the same have been furnished and (iii) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; all balance sheets disclose all known material liabilities, direct and contingent, as of their respective dates, and there has been no change in the condition of Lessee (and its Subsidiaries), financial or otherwise, since the date of the most recent financial statements delivered to Lessor with respect to the Lessee (and its Subsidiaries), other than changes in the ordinary course of business, none of which changes, either separately or in the aggregate, has been materially adverse;

(h) **No Litigation.** There is no litigation or any other proceedings now pending or, to the knowledge of Lessee, threatened, against or affecting Lessee, in any court or before any regulatory commission, board or other administrative governmental agency which would directly or indirectly adversely affect or impair the title and interest of Lessor in and to the Equipment, or which, in the reasonable opinion of Lessee's management, is likely to affect materially and adversely, the business, properties, operations or condition of Lessee (financial or otherwise), other than as disclosed in the Lessee's consolidated financial statements;

(i) **Income Tax Return.** Lessee has filed all United States income tax returns which are required to be filed, and has paid, or made provisions for the payment of, all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by Lessee, except such taxes, if any, as are being contested by means of a Permitted Contest;

(j) **Taxes.** All sales, use, documentation or similar taxes, fees or other charges due and payable prior to or as of the date of each Lease Supplement shall be paid prior to or as of the date of each Lease Supplement to the extent such are in connection with the sale to and purchase by Lessor of the Equipment or the leasing of the Equipment by Lessor to Lessee;

(k) **Chief Executive Office.** The chief executive office of Lessee is located at 400 Perimeter Center Terrace, Suite 595, Atlanta, Dekalb County, Georgia 30346.

SECTION 22. Events of Default. Any of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary, or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) **Payment.** Lessee shall fail to make (i) any Basic Payments within five (5) days after the same is due and payable or (ii) any Supplemental Payment within ten (10) days after receipt of written notice to Lessee that the same is due and payable; or

(b) **Certain Covenants.** Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in Sections 8 or 17 hereof; or

(c) **Other Covenants.** Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Agreement, or in any agreement or certificate furnished to Lessor in connection herewith, and such failure shall continue unremedied for forty-five (45) days after written notice to Lessee specifying such failure and demanding the same to be remedied; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said forty-five (45) day period but is curable with future due

diligence, there shall exist no Event of Default under this Section 22 for such further time, not to exceed sixty (60) days, as may reasonably be required to effect such cure, so long as Lessee is proceeding with due diligence to cure such failure; or

(d) Default under Other Documents. Lessee shall be in default under any of the Transaction Documents to which it is a party or any lease, loan agreement or other agreement, instrument or document, now or hereafter entered into between Lessee and Lessor; or

(e) Bankruptcy; Insolvency. Lessee shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent and shall not be dismissed for a period of sixty (60) days; or any petition for the relief, reorganization or arrangement of Lessee or any other petition in bankruptcy or for the liquidation, insolvency or dissolution of Lessee shall be filed by or against Lessee and, if filed against Lessee shall be consented to or be pending and not dismissed for a period of sixty (60) days; or an order for relief under any bankruptcy or insolvency law shall be entered by any court or governmental authority of competent jurisdiction with respect to Lessee; or any execution or writ of process shall be issued under any action or proceeding against Lessee whereby any item of Equipment may be taken or restrained; or Lessee's corporate existence shall cease; or Lessee shall, without Lessor's prior written consent, sell, transfer or dispose of, or pledge or otherwise encumber, all or substantially all of its assets or property, or, except as expressly permitted hereby, consolidate or merge with any other entity, or engage in any form of corporate reorganization; or

(f) Misrepresentation. Any material representation, warranty, statement or certification made by Lessee under this Agreement or in any other Transaction Document to which Lessee is a party or in any document or certificate furnished to Lessor in connection herewith or pursuant hereto) shall prove to be untrue or incorrect when made in any material respect, or shall be breached in any material respect.

SECTION 23. Remedies Upon Default. Upon the occurrence of any Event of Default, and at any time thereafter so long as the same shall be continuing, Lessor may exercise one or more of the following remedies with respect to the Equipment or any part thereof as Lessor in its sole discretion shall elect:

(a) Return of Equipment. Lessor may cause Lessee, upon the demand of Lessor and at Lessee's expense, to, and Lessee shall, promptly return the Equipment (or any item thereof) as Lessor may demand to Lessor at such location, in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 6 hereof as if the Equipment were being returned at the end of the Term; or Lessor, at its option, may enter upon the premises where the Equipment is located or believed to be located and take immediate possession of and remove the Equipment (or any items thereof) without the necessity for first instituting proceedings, or by summary proceedings or otherwise, and Lessee shall comply therewith, all without liability to Lessor for or by reason for such entry or taking possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) Sell, Use, Lease or Otherwise Employ Equipment. Lessor may (i) sell or otherwise dispose of the Equipment, at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine or (ii) hold, use, operate, lease to others or keep idle all or any part of the Equipment as Lessor, in its sole discretion, may determine, in the case of (i) or (ii) of this Section 23(b) free and clear of any rights of Lessee except as hereinafter set forth in this Section 23 and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except to the extent required by Section 23(d) hereof in the

event Lessor elects to exercise its rights under said Section 23(d) in lieu of its rights under Section 23(b) hereof;

(c) Excess of Termination Value over Fair Market Sales Value. Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Sections 23(a) or (b) hereof with respect to the Equipment, Lessor, by notice to Lessee specifying a payment date not earlier than the next Basic Payment Date, may cause Lessee to pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Payments for the Equipment due after the specified payment date), any Payments with respect to the Equipment due on or before or accrued as of such payment date plus an amount equal to the excess, if any, of (i) the Termination Value for all the Equipment, determined as of such payment date over (ii) the Fair Market Sales Value for all the Equipment, computed as of the payment date specified pursuant to this Section 23(c), together with interest, to the extent permitted by applicable law, at the Overdue Rate on such Payments and the amount of such excess, if any, from such payment date specified pursuant to this Section 23(c), to the date of actual payment of all such Payments and other amounts;

(d) Excess of Termination Value over Sales Proceeds. In the event Lessor, pursuant to Section 23(b) hereof, shall have sold the Equipment, Lessor in lieu of exercising its rights under Section 23(c) hereof with respect to the Equipment, may, if it shall so elect, cause Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Payments for the Equipment due after the date on which such sale occurs), any Payments with respect to the Equipment due on or before or accrued as of such date of sale, plus the amount of any deficiency of the net proceeds of such sale below the Termination Value of all the Equipment, determined as of the date of such sale, together with interest, to the extent permitted by applicable law, at the Overdue Rate on all such Payments and the amount of such deficiency from the date of such sale to the date of actual payment of all such Payments and other amounts; or

(e) Rescission. Rescind this Agreement as to the Equipment or exercise any other right or remedy which may be available under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Payments due hereunder before or after any termination hereof, including all costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto including all costs and expenses incurred in connection with the return of the Equipment in accordance with the terms of Section 6 hereof or any appraisal of the Equipment. At any sale of the Equipment, Lessor may bid for and purchase such property. Except as otherwise expressly provided above, no remedy referred to in this Section 23 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor, otherwise than in accordance with the provisions of this Section 23, to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages or otherwise to limit or modify any of Lessor's rights or remedies under this Section 23.

SECTION 24. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate specified in Section 25 hereof, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder; provided, however, that no such payment, performance or compliance by Lessor shall be deemed to cure any Event of Default hereunder.

SECTION 25. Late Charges. Lessee shall pay to Lessor, upon demand, to the extent permitted by applicable law, interest on any Basic Payment not paid when due, and on any Supplemental Payment or other amount payable under this Agreement which is not paid when due, for any period for which any of the same is overdue (without regard to any grace period) at a rate equal to the Overdue Rate.

SECTION 26. Further Assurances. Lessor and Lessee agree to cooperate in good faith and to execute and deliver such documents and further assurances consistent with and in clarification of the characterization and intent of the parties with respect to the Overall Transactions.

SECTION 27. Transaction Costs, Fees and Expenses. Lessor and Lessee shall each pay their own Transaction Costs. The Transaction Costs of Lessee shall include, without limitation, the fees and expenses of its counsel and the fees and expenses of the appraiser for the Equipment. The Transaction Costs of Lessor shall include, without limitation, the fees and expenses associated with titling of the Equipment in the name of Lessor. Pursuant to Section 7(d) hereof, Lessor shall adjust the Basic Payments to account for its Transaction Costs and to maintain its net return, as such shall be reasonably determined by Lessor.

SECTION 28. Notices. All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given when personally delivered or when deposited with a nationally recognized overnight delivery service, with the cost therefor prepaid, or in the United States mails, with proper postage prepaid, for first class certified mail, return receipt requested, addressed (a) if to Lessor or Lessee, at their respective addresses as set forth herein or at such other address as either of them shall, from time to time, designate in writing to the other, and (b) if to any Assignee, to the address of such Assignee as such Assignee shall designate, from time to time, in writing to Lessor and Lessee.

If to Lessor: NationsBanc Leasing Corporation
of North Carolina
NationsBank Corporate Center
100 North Tryon Street, NC-1-007-12-01
Charlotte, North Carolina 28255-0001
Attention: Manager of Corporate Lease
Administration

If to Lessee: Georgia Gulf Corporation
400 Perimeter Center Terrace, Suite 595
Atlanta, Georgia 30346
Attention: General Counsel

With a copy to: Georgia Gulf Corporation
P.O. Box 629
Plaquemine, Louisiana 70765
Attention: Traffic Supervisor

SECTION 29. End of Term Purchase Options.

(a) Election Procedure. If this Agreement shall not have been earlier terminated pursuant to Sections 5(c) or (d) or otherwise, Lessee, upon written notice to Lessor delivered not later than the Option Election Notice Date, shall elect either to renew this Agreement pursuant to the terms of Section 5(b), deliver the Equipment to Lessor pursuant to the terms of Section 6 hereof or purchase the Equipment pursuant to the terms of Section 29(b) hereof. At the end of the Renewal Term, if any, Lessee upon not less than 180 days prior written notice to Lessor shall elect either to deliver the Equipment to Lessor pursuant to the terms of Section 6 hereof or purchase the Equipment pursuant to the terms of Section 29(b). Lessee shall be deemed to have elected the option described in Section 29(b) hereof if Lessor has not received the notice by the Option Election Notice Date or the date 180 days prior to the end of the Renewal Term, if any, as the case may be. Lessor shall not be bound by Lessee's election to renew this Agreement if a Default or Event of Default is continuing at the Basic Term Expiration Date. Upon the making of one of the above-referenced elections, Lessee may not revoke such election.

(b) Lessee's Purchase. On the Termination Date, Lessee shall purchase all (but not less than all) of the Equipment for an amount specified on the applicable Lease Supplement. Lessee shall also pay to (i) Lessor all other Basic Payments then due and owing or accrued and (ii) to the appropriate parties all other Supplemental Payments then due and owing or accrued. Lessor shall also pay all Sales Expenses in connection with its purchase of the Equipment. Lessor's sale of the Equipment shall be on an as-is, where-is basis, without recourse to or representation or warranty by Lessor except as to the absence of Liens on the Equipment created by or through Lessor. If Lessee has exercised its purchase option, but has not prior to the Termination Date paid all amounts for which it is obligated under this Section 29(b), then Lessor in its sole discretion may elect to refuse to sell the Equipment to Lessee. If Lessor does elect to sell the Equipment to Lessee, then Lessee shall continue to pay Lessor an amount after the Termination Date equal to the pro rata portion of the Basic Payments until Lessee has paid or caused to be paid all such amounts; provided, however, this provision shall not be interpreted to grant Lessee a right to retain the Equipment after the Termination Date.

(c) Settlement Terms. In the event that Lessee purchases any Equipment from Lessor pursuant to Sections 5(c), 5(d), 16(b)(i)(B) or 29(b) hereof, Lessor and Lessee hereby agree that the following provisions shall apply:

(i) Representations and Warranties of Lessee. Lessee shall represent, warrant, covenant and agree with Lessor as of the date of any sale of such Equipment by Lessor to Lessee, except where specific reference is made to another date or dates, that:

(A) Lessee has the full right, power and authority to purchase such Equipment from Lessor as provided in this Agreement and to carry out Lessee's obligations under this Agreement (as such pertain to the sale of such Equipment), and all requisite action necessary to authorize Lessee to enter into the purchase of such Equipment and to carry out Lessee's obligations with respect thereto has been, or on or before the date of any sale of such Equipment to Lessee, will have been, taken;

(B) Lessee acknowledges that:

(1) Lessee is purchasing such Equipment, and such Equipment shall be conveyed and transferred to the Lessee, "AS-IS, WHERE-IS, AND WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY RECOURSE OR WARRANTIES, REPRESENTATIONS, COVENANTS OR GUARANTEES, EXPRESSED OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF LESSOR", provided, that Lessor shall represent

that it has not voluntarily incurred any Liens on such Equipment other than Liens provided for in the Transaction Documents. Lessee acknowledges that it has not relied, and is not relying, on any information, document, sales brochures, or other literature, sketches, projection, pro forma, statement, representation, guarantee, or warranty (whether express or implied, or oral or written, or material or immaterial) that may have been given by, or made by, or on behalf of, Lessor;

(2) Lessee shall not be entitled to, and should not rely on, Lessor or Lessor's agents as to (a) the quality, nature, adequacy, or physical condition of such Equipment; (b) the quality of any labor or materials relating in any way to such Equipment; or (c) the condition of title to such Equipment;

(3) EXCEPT AS EXPRESSLY SET FORTH IN THE PROVISIO IN SUBPARAGRAPH (1) ABOVE (WITH RESPECT TO VOLUNTARILY INCURRED LIENS), LESSOR HAS NOT, DOES NOT, AND WILL NOT, WITH RESPECT TO SUCH EQUIPMENT, MAKE ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING BUT NOT IN ANY WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR USE, OR WITH RESPECT TO THE VALUE, PROFITABILITY, OR MARKETABILITY OF SUCH EQUIPMENT; and

(4) Without in any way limiting the generality of the preceding subparagraphs (1) through (3), Lessee specifically acknowledges and agrees that Lessee hereby waives, releases, and discharges any claim Lessee has, might have had, or may have against Lessor with respect to the condition of such Equipment, patent or latent, the actual or potential income or profits to be derived from such Equipment, and any other state of facts which exists with respect to such Equipment.

(ii) Survival Beyond Closing. The representations and warranties of Lessee contained in this Agreement as set forth in Section 29(e)(i) shall survive the closing of the sale of any Equipment to the Lessee.

(iii) Seller. At the sale of any Equipment to Lessee, Lessor shall deliver or cause to be delivered to Lessee, at Lessee's sole cost and expense (except as provided to the contrary), a bill of sale of such Equipment, duly executed by Lessor.

SECTION 30. Federal and State Tax Consequences. It is expressly agreed that for federal and state income tax purposes the parties entered into the transaction contemplated by this Agreement intending such transaction to be characterized as a true lease and for Lessor to be considered the owner of the Equipment for such tax purposes; provided, however, Lessee makes no representation or warranty as to the availability of such tax treatment. Consistent with this, Lessor intends to claim the cost recovery deductions associated with the Equipment, and Lessee agrees not to take an inconsistent position on its federal or state income tax returns.

SECTION 31. Financial Information. Lessee agrees to furnish Lessor (a) as soon as available, and in any event within one hundred twenty (120) days after the last day of each fiscal year of Lessee, (i) a copy of the consolidated balance sheet of Lessee and its Consolidated Subsidiaries as of the end of such fiscal year, and related consolidated statements of income and retained earnings of Lessee and its Consolidated Subsidiaries for such fiscal year, certified by an independent certified public accounting firm of recognized standing, each on a comparative basis with corresponding statements

for the prior fiscal year, or (ii) a copy of Lessee's Form 10-K filed with the Securities and Exchange Commission for such fiscal year (if Lessee is subject to the reporting requirements under the rules and regulations promulgated by the Securities and Exchange Commission), and (b) within forty-five (45) days after the last day of each fiscal quarter of Lessee (except the last such fiscal quarter), (i) a copy of the consolidated balance sheet as of the end of such quarter, and statement of income covering the fiscal year to date of Lessee and its Consolidated Subsidiaries, each on a comparative basis with the corresponding period of the prior year, all in reasonable detail and certified by the treasurer or principal financial officer of Lessee, or (ii) a copy of Lessee's Form 10-Q filed with the Securities and Exchange Commission, all such other financial statements and reports as Lessee shall send to the Securities and Exchange Commission.

SECTION 32. Miscellaneous. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Agreement may be amended, altered, waived, discharged or terminated orally, but only by an instrument in writing signed by a duly authorized officer or the party against which the enforcement of the amendment, alteration, waiver, discharge or termination is sought. A waiver on any one occasion shall not be construed as a waiver on a future occasion. All of the covenants, conditions and obligations contained in this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Section 14(a) hereof) Lessee. This Agreement may be executed in as many counterparts as shall be determined by the parties hereto when so executed, each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart. This Agreement, each Lease Supplement and each related instrument, document, agreement and certificate collectively constitute the entire agreement of Lessor and Lessee with respect to the financing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto. THIS AGREEMENT AND EACH OTHER TRANSACTION DOCUMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING, WITHOUT LIMITATION, ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. LESSEE AND LESSOR HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION, AND THE VENUE, OF A NORTH CAROLINA STATE OR FEDERAL COURT LOCATED IN MECKLENBURG COUNTY, NORTH CAROLINA FOR ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT. LESSEE AND LESSOR HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH NORTH CAROLINA COURT, OR TO THE EXTENT PERMITTED BY LAW, SUCH FEDERAL COURT. LESSEE AND LESSOR HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING.

SECTION 33. Interest Rate Calculations. All rate calculations made pursuant to this Agreement (including, without limitation, any calculation of a late charge, the Overdue Rate) shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

SECTION 34. Personal Property Taxes. Lessor and Lessee hereby agree that to the extent permitted by law (a) Lessee will file all returns and other appropriate documentation in regard to personal property taxes on the Equipment, (b) pay all such personal property taxes and (c) reimburse Lessor for any and all such personal property taxes previously paid by Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION
OF NORTH CAROLINA

By: M. Randall Ross
Name: M. Randall Ross
Title: Senior Vice President

ATTEST:

By: Joan Y. Brown
Name: Joan Y. Brown
Title: Asst. Secretary
(Corporate Seal)

GEORGIA GULF CORPORATION

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____
(Corporate Seal)

COUNTERPART NO. _____ OF _____ SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Willie H. Robinson, Jr., a Notary Public of the County and State aforesaid, certify that Joan Y. Brown personally came before me this day and acknowledged that (s)he is an Assistant Secretary of NationsBanc Leasing Corporation of North Carolina, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Senior Vice President, sealed with its corporate seal and attested by Joan Y. Brown as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 25th day of April, 1994.

Willie H. Robinson Jr.
Notary Public

My Commission Expires:
My Commission Expires February 16, 1998

(Notary Public)



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION
OF NORTH CAROLINA

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

(Corporate Seal)

GEORGIA GULF CORPORATION

By: Richard B. Marchese
Name: Richard B. Marchese
Title: Vice President

ATTEST:

By: Joel I. Beerman
Name: Joel I. Beerman
Title: Vice President AND SECRETARY

(Corporate Seal)

COUNTERPART NO. _____ OF _____ SERIALY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

STATE OF Georgia
COUNTY OF DeKalb

I, Lynn Normand, a Notary Public of the County and State aforesaid, certify that Joel I. Beerman personally came before me this day and acknowledged that ~~he~~ ^{she} is VICE PRESIDENT Secretary of Georgia Gulf Corporation, a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its vice President, sealed with its corporate seal and attested by Joel I. Beerman as its VICE PRESIDENT Secretary.

WITNESS my hand and official stamp or seal, this 29th day of April, 1994.

Lynn Normand
Notary Public

My Commission Expires:
Notary Public, Gwinnett County, Georgia
My Commission Expires April 18, 1995
(Notary Public)

EXHIBIT A

LEASE SUPPLEMENT AND ACCEPTANCE CERTIFICATE

This Lease Supplement and Acceptance Certificate is dated _____ and is executed by NATIONSBANC LEASING CORPORATION OF NORTH CAROLINA, a North Carolina corporation ("Lessor") and GEORGIA GULF CORPORATION, a Delaware corporation ("Lessee") pursuant to Section 4 of the Master Equipment Lease Agreement, dated as of _____, 199__ between Lessee and Lessor (the "Agreement"). All capitalized terms used herein but not defined herein shall have the meanings given to such terms in the Agreement.

Lessee hereby acknowledges and agrees that the equipment specified on Annex A hereto (the "Equipment") has been delivered to Lessee on the date hereof at the delivery place described below, and that, as between Lessor and Lessee, the Equipment (a) has been inspected to the complete satisfaction of Lessee, (b) is in good operating order, repair and condition, (c) is of a size, design, capacity and manufacture selected by Lessee, (d) is suitable for Lessee's purposes, (e) has been unconditionally accepted by Lessee on the date hereof, for all purposes of the Agreement, and (f) is subject to all of the terms, conditions and provisions of the Agreement. Lessee further acknowledges, agrees and certifies that Lessor has made no representation, warranty, covenant or guarantee of any type or kind, expressed or implied, with respect to the Equipment and that the insurance policies, certificates or other documents evidencing the coverages required under the Agreement have been delivered to Lessor.

Lessee hereby leases from Lessor the Equipment upon and subject to all of the terms, conditions and provisions of the Agreement, and Lessor and Lessee further agree and state as follows:

1. Delivery Place for the Equipment: _____.
2. As of the date hereof, the Acquisition Cost is \$ _____.
3. The Basic Term for the Equipment commences on _____, and ends on _____, both dates inclusive, unless sooner terminated in accordance with the provisions of the Agreement.
4. With respect to the Equipment described in Annex A hereto, there may be a Renewal Term of _____ years.
5. On the _____ (____) year anniversary of the date hereof, Lessee may purchase all but not less than all of the Equipment upon satisfaction of the following conditions: (i) on such designated early buyout date, no Default or Event of Default shall have occurred and be continuing; (ii) on such designated early buyout date, Lessor shall receive from Lessee: (A) an amount equal to the product of the Acquisition Cost multiplied by ____%; and (B) all Basic Payments and Supplemental Payments then due and owing or accrued; (iii) Lessee shall pay all Sales Expenses in connection with the sale of the Equipment to Lessee; and (iv) Lessee shall retain the Equipment. Upon Lessor's receipt and verification of payment of the above-referenced amounts, Lessor shall sell to Lessee the Equipment on an as-is, where-is basis, without recourse or representation or warranty of any kind except as to the absence of Liens created by or through Lessor.
6. On each annual anniversary of the commencement date of the Basic Term occurring after _____, Lessee may purchase all but not less than all of the Equipment upon satisfaction of the following conditions: (i) on such designated early termination date, no Default or Event of Default shall have occurred and be continuing; (ii) on such designated early termination date, Lessor shall receive from Lessee: (A) an amount equal to the higher of Fair Market Sales Value or the Termination Value for such date; and (B) all Basic Payments and Supplemental Payments then due and owing or accrued; (iii) Lessee shall pay all Sales Expenses in connection with the sale of the Equipment to

Lessee; and (iv) Lessee shall retain the Equipment. Upon Lessor's receipt and verification of payment of the above-referenced amounts, Lessor shall sell to Lessee the Equipment on an as-is, where-is basis, without recourse or representation or warranty of any kind except as to the absence of Liens created by or through Lessor.

7. On each annual anniversary of the commencement date of the Basic Term occurring after _____, Lessee may terminate this Agreement as to all but not less than all of the Equipment upon satisfaction of the following conditions: (i) on such designated early termination date, no Default or Event of Default shall have occurred and be continuing; (ii) Lessee's board of directors shall have determined that the Equipment is obsolete or surplus to the needs of Lessee; (iii) Lessee shall arrange for the purchase of the Equipment by a Third Party Purchaser; (iv) on such designated early termination date, Lessor shall receive: (A) from the Third Party Purchaser, the previously agreed upon purchase price; (B) from Lessee, an amount by which the Termination Value exceeds the purchase price; and (C) from Lessee, all Basic Payments and Supplemental Payments then due and owing or accrued; (v) Lessee shall pay all Sales Expenses in connection with the sale of the Equipment to the Third Party Purchaser; and (vi) Lessee shall deliver the Equipment to the Third Party Purchaser in accordance with the provisions of Section 6 hereof as if the Third Party Purchaser were Lessor. To the extent the purchase price referenced in subsection (iv)(A) above exceeds the Termination Value for such date, Lessor shall retain the excess. Upon Lessor's receipt and verification of payment of the above-referenced amounts, Lessor shall sell to the Third Party Purchaser the Equipment on an as-is, where-is basis, without recourse or representation or warranty of any kind except as to the absence of Liens created by or through Lessor.

8. The Basic Payment Factor is ____ %.

9. The Basic Payment Dates are _____, _____, _____ and _____ during the Term.

10. The Basic Payment for the Equipment for each quarterly period is in an amount equal to (a) during the Basic Term, the Basic Payment Factor multiplied by the aggregate Acquisition Cost for the Equipment described in Annex A hereto, and (b) during the Renewal Term, if any, Fair Market Rental Value.

11. The Casualty Loss Value percentages for the Equipment during the Basic Term are set forth on Annex B hereto and during the Renewal Term, if any, shall equal Fair Market Sales Value.

12. The Termination Value percentages for the Equipment during the Basic Term are set forth on Annex C hereto and during the Renewal Term, if any, shall equal Fair Market Sales Value.

13. The Equipment will be treated as placed in service on _____.

14. The Equipment is "_____-year property" within the meaning of Section 168____ of the Code.

15. On the Termination Date and unless the Agreement has been earlier terminated or the Equipment is returned to Lessor in accordance with the provisions of Section 29 of the Agreement, Lessee shall purchase all (but not less than all) of the Equipment for an amount equal to the Fair Market Sales Value of the Equipment, which shall not exceed _____ percent (____ %).

16. This Lease Supplement and Acceptance Certificate may be executed in as many counterparts as shall be determined by the parties hereto when so executed, and each such counterpart shall be binding on both parties hereto, notwithstanding that both parties are not signatories to the same counterpart.

17. [Add any special operation and/or maintenance provisions.]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Supplement and Acceptance Certificate to be executed by their duly authorized representatives as of the date first above written.

NATIONSBANC LEASING CORPORATION
OF NORTH CAROLINA

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

(Corporate Seal)

GEORGIA GULF CORPORATION

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

(Corporate Seal)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State
aforesaid, certify that _____ personally came before me this
day and acknowledged that (s)he is _____ Secretary of Nations Banc
Leasing Corporation of North Carolina, a North Carolina corporation, and that
by authority duly given and as the act of the corporation, the foregoing
instrument was signed in its name by its _____ President, sealed with its
corporate seal and attested by _____ as its
Secretary.

WITNESS my hand and official stamp or seal, this _____ day of
_____, 19____.

Notary Public

My Commission Expires:

(Notary Public)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that (s)he is _____ Secretary of Georgia Gulf Corporation, a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by _____ as its _____ Secretary.

WITNESS my hand and official stamp or seal, this _____ day of _____, 19____.

Notary Public

My Commission Expires:

(Notary Public)

Annex A to
Lease Supplement
(Equipment Description)

Annex B to
Lease Supplement

(Casualty Loss Value)

Casualty Loss
Value Date

Casualty Loss
Value Percentage*

*Expressed as a percentage of Acquisition Cost (on a per unit basis) for the Equipment described in Annex A.

Annex C to
Lease Supplement
(Termination Value)

Termination Date

Termination Value
Percentage *

*Expressed as a percentage of aggregate Acquisition Cost for the Equipment described in Annex A.

SCHEDULE I

(Equipment with a June 30, 1994, Acquisition Expiration Date)

The Collateral shall include:

74 covered hopper cars manufactured by Thrall Car Manufacturing Company. Each car is a 100 Ton, DOT Class L.O. and the cars have serial numbers ranging from GGCX1185 - GGCX1258.